

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Annual Compliance Review, 2022

Docket No. ACR2022

CHAIRMAN'S INFORMATION REQUEST NO. 17

(Issued March 3, 2023)

To clarify the Postal Service's FY 2022 Annual Performance Report (*FY 2022 Report*) and FY 2023 Annual Performance Plan (*FY 2023 Plan*),¹ the Postal Service is requested to provide written responses to the following requests. These questions also clarify the Postal Service's responsiveness to the Commission's Analysis of the Postal Service's FY 2021 Annual Performance Report and FY 2022 Performance Plan (*FY 2021 Analysis*).² Responses should be provided to individual requests as soon as they are developed, but no later than March 10, 2023.

High-Quality Service

1. Please refer to the *FY 2021 Analysis*, which states: "If the Postal Service intends to continue using highly-aggregated composites as performance indicators, then the Commission recommends that the Postal Service also develop more granular performance indicators, such as it currently uses for First-Class Mail, to supplement the highly-aggregated composites." *FY 2021 Analysis* at 41. Please

¹ The *FY 2022 Report* and *FY 2023 Plan* are included in the Postal Service's FY 2022 Annual Report to Congress, which the Postal Service filed with the FY 2022 *Annual Compliance Report*. See Library Reference USPS-FY22-17, December 29, 2022, folder "USPS-FY22-17," folder "FY22.17.Annual.Report," PDF file "FY 2022 Annual Report to Congress.pdf" (*FY 2022 Annual Report*).

² Docket No. ACR2021, Analysis of the Postal Service's FY 2021 Annual Performance Report and FY 2022 Performance Plan, June 30, 2022 (*FY 2021 Analysis*). See also Docket No. ACR2020, Analysis of the Postal Service's FY 2020 Annual Performance Report and FY 2021 Performance Plan, June 2, 2021.

also refer to the *FY 2021 Analysis*, which states: “Whatever merits such composites might have in terms of ‘concentrating focus’ and ‘streamlining reporting,’ it is equally true, as the Commission has observed previously, that such composites inherently obfuscate results for lower-volume components within the composite while simultaneously over-emphasizing the performance of components with greater volumes.” *Id.* at 40 (citation omitted).

- a. Please confirm that the Postal Service did not develop more granular performance indicators to supports its analysis of High-Quality Service for FY 2022.
 - b. If part a. is confirmed, please explain why the Postal Service did not develop more granular performance indicators for FY 2022 and indicate if the Postal Service plans to develop such performance indicators for FY 2023.
 - c. If part a. is not confirmed, please provide such performance indicators for FY 2022.
2. Please refer to the *FY 2021 Analysis*, which states: “the Commission also continues to recommend that the Postal Service include with each Annual Report supporting workpapers containing the inputs for, and the calculation of, the High-Quality Service performance indicator results, to the extent that they are not included elsewhere in the ACR [Annual Compliance Report] filing.” *Id.* at 41.
- a. Please confirm that workpapers containing the inputs for, and the calculation of, the High-Quality Service performance indicator results are included in the Docket No. ACR2022 Library References (including non-public Library References).
 - b. If part a. is confirmed, please identify such Library References.

- c. If part a. is not confirmed, please provide workpapers containing the inputs for, and the calculation of, the High-Quality Service performance indicator results.

3. Please refer to the *FY 2021 Analysis*, which states:

In the FY 2022 Annual Report, the Postal Service should address whether service standard changes implemented in FY 2022 impacted the comparability of performance indicator results. If comparability has been affected, the Postal Service should propose a way for the Commission to compare FY 2022 High-Quality Service performance indicator results to results from prior fiscal years. If the Postal Service asserts that comparability is unaffected, the Postal Service should fully explain the rationale and supporting basis for this assertion.

Id.

- a. Please confirm that the *FY 2022 Report* addresses whether service standard changes implemented in FY 2022 affected the comparability of performance indicator results.
- b. If part a. is confirmed, please identify the location in the *FY 2022 Report* addressing whether service standard changes implemented in FY 2022 affected the comparability of performance indicator results.
- c. If part a. is not confirmed, please explain how service standard changes implemented in FY 2022 affected the comparability of performance indicator results from FY 2019 through FY 2022.

4. Please refer to the *FY 2021 Analysis*, which states:

The Commission finds that the measures the Postal Service has undertaken to improve employee availability appear reasonable. Given that further COVID-19 surges remain unpredictable, the Commission recommends that the Postal Service leverage data from the past 2 years to identify any patterns that might enable the Postal Service to better anticipate when and where future employee availability

problems are likely to have the largest impact on service performance.

Id. at 45.

- a. Please confirm that the Postal Service has undertaken efforts in response to this recommendation in FY 2022.
 - b. If part a. is confirmed:
 - i. Please describe such efforts; and
 - ii. If such efforts include analyses relating to the effect of employee availability on service performance, please describe any identified patterns relating to employee availability's effect on service performance and provide such analyses.
 - c. If part a. is not confirmed, please explain why the Postal Service did not undertake any such efforts in FY 2022 and indicate if the Postal Service plans to undertake such efforts in FY 2023.
5. Please refer to the *FY 2021 Analysis*, which states: "The Commission recommends that the Postal Service consider implementing some of the best practices identified by the OIG [United States Postal Service Office of Inspector General] to better recruit and retain truck drivers and increase the efficiency of truck usage." *Id.* at 47.
- a. Please confirm that the Postal Service has undertaken efforts in response to this recommendation in FY 2022.
 - b. If part a. is confirmed:
 - i. Please describe such efforts; and
 - ii. Please identify any performance indicator changes resulting from such efforts.

- c. If part a. is not confirmed, please explain why the Postal Service did not undertake any such efforts in FY 2022 and indicate if the Postal Service plans to undertake such efforts in FY 2023.
- 6. Please refer to the *FY 2021 Analysis*, which states: “The Commission recommends that the Postal Service focus its efforts on reducing CLTs [Critically Late Trips] in the Districts with the highest concentrations of them.” *Id.* at 48.
 - a. Please confirm that the Postal Service conducted any analyses or management changes, or undertook any other efforts, in response to this recommendation in FY 2022.
 - b. If confirmed, please describe:
 - i. All efforts undertaken in response to this recommendation; and
 - ii. The effect of such efforts on the incidence of CLTs in
 - (1) the Districts with the highest concentrations of CLTs (providing a list of such Districts); and
 - (2) all Districts.
 - c. If not confirmed, please explain why the Postal Service did not undertake any such efforts in FY 2022 and indicate if the Postal Service plans to undertake such efforts in FY 2023.
- 7. Please refer to the *FY 2021 Analysis*, which states: “The Commission again recommends that the Postal Service restart the Disruptive Events initiative and report on its progress in the FY 2022 Report. If it does not restart the initiative, then the Postal Service should explain why it has not done so in the FY 2022 Report.” *Id.* at 50.
 - a. Please confirm that the Postal Service has restarted the Disruptive Events initiative in FY 2022.

- b. If part a. is confirmed, please describe the Postal Service's progress with the Disruptive Events initiative.
 - c. If part a. is not confirmed, explain why the Postal Service did not undertake any such efforts in FY 2022 (or identify the Postal Service's explanation in the FY 2022 Report) and indicate if the Postal Service plans to undertake such efforts in FY 2023.
- 8. Please refer to the *FY 2021 Analysis*, which states: "The Commission recommends that the Postal Service develop methods to quantitatively measure the effectiveness of its service improvement initiatives so as not to spend resources needlessly or ineffectively." *Id.* at 52.
 - a. Please confirm that the Postal Service has undertaken efforts in response to this recommendation in FY 2022.
 - b. If part a. is confirmed,
 - i. Please describe such efforts and their effectiveness to improve progress toward the High-Quality Service performance goal; and
 - ii. Please provide an explanation of any performance indicator changes resulting from such efforts.
 - c. If part a. is not confirmed, please explain why the Postal Service did not undertake any such efforts in FY 2022 and indicate if the Postal Service plans to undertake such efforts in FY 2023.
- 9. Please refer to the *FY 2021 Analysis*, which states:

[T]he Commission recommends the Postal Service study the reasons for service performance issues in the lowest performing Areas/Districts. For example, the Postal Service should require Area/Districts with low service performance scores to identify root cause(s) of low scores specific to that District and create action plans for improving service performance that specifically address the root cause(s) identified. The Postal Service should also require

Areas/Districts with low service performance scores demonstrate the efficacy of action plans for improving service performance using quantitative metrics of operational improvement.

Id. at 57.

- a. Please confirm that the Postal Service undertook efforts in response to this recommendation in FY 2022.
- b. If part a. is confirmed,
 - i. Please describe such efforts;
 - ii. Please provide any action plans developed as part of such efforts; and
 - iii. Please provide any performance indicator changes resulting from such efforts.
- c. If part a. is not confirmed, please explain why the Postal Service did not undertake any such efforts in FY 2022 and indicate if the Postal Service plans to undertake such efforts in FY 2023.

Financial Health

- 10. Please refer to the *FY 2021 Analysis*, which states: “The Commission recommends that the Postal Service revise the existing Controllable Income (Loss) performance indicator in future reports to exclude revenues accumulated from the retirement-based rate authority. This change would ensure that revenues collected using the retirement-based rate authority are excluded from the Controllable Income (Loss) metric.” *Id.* at 115.
 - a. Please confirm that revenues collected using the retirement-based authority are excluded from Controllable Income (Loss) for FY 2022. If not confirmed, please explain.

- b. Please identify where revenues collected using the retirement-based authority are accounted for in the Postal Service's revenues and expense figures for FY 2022.
 - c. Please explain whether the Postal Service's FY 2022 accounting for revenues collected using the retirement-based authority is comparable to, or different from, the Postal Service's accounting for such revenues in the FY 2021 Annual Performance Report.³
- 11. Please refer to the *FY 2021 Analysis*, which states: "The Commission continues to recommend that the Postal Service adopt additional performance indicators for measuring progress towards the Financial Health performance goal. Specifically, the Commission advises that the Postal Service consider using either TFP [Total Factor Productivity] or labor productivity as performance indicators." *Id.* at 119.
 - a. Please confirm that the Postal Service did not adopt additional performance indicator(s) for measuring progress towards the Financial Health performance goal for FY 2022.
 - b. If part a. is confirmed, please explain why the Postal Service did not adopt additional performance indicators for measuring progress towards the Financial Health performance goal for FY 2022.

³ The FY 2021 Annual Performance Report is included in the Postal Service's FY 2021 Annual Report to Congress, which the Postal Service filed with the FY 2021 *Annual Compliance Report*. See Docket No. ACR2021, Library Reference USPS-FY21-17, December 29, 2021, folder "USPS-FY21-17," folder "FY21.17.Annual.Report," PDF file "FY 2021 Annual Report to Congress.pdf."

- c. If part a. is not confirmed, please provide such additional performance indicators for measuring progress towards the Financial Health performance goal for FY 2022.

By the Chairman.

Michael Kubayanda